

Remarks

In the office action dated November 5, 2003 the Examiner rejected claims 1-9 under 35 U.S.C. § 101, and claims 1-18 under 35 U.S.C. § 112, second paragraph. By this paper, Applicants' representative amends claims 1 and 10, and adds claims 19 and 20. Support for the amendment to claims 1 and 10, and for new claims 19 and 20 can be found, for example, in Figs. 1 and 2, and in the specification on page 10, ll. 5-13, and page 11, ll. 18-19. As such, no new matter has been added.

With respect to the Examiner's rejections, the Examiner is invited to consider the following remarks.

Applicants' representative thanks Examiner Patel for the opportunity to discuss the case telephonically and by fax on October 15, 17 and 28, 2003.

Regarding the rejection of claims 1-9 under 35 U.S.C. § 101, amended independent claim 1 provides a method for conducting a progressive, price-driven, combinatorial auction of items over a communications network that includes receiving at a computer site bids for the items being auctioned from a plurality of bidders. The conclusory contention is made that "The invention as recited in the claims is merely an abstract idea that is not within the technological arts...Although the claim [i.e., independent claim 1] recites step (a) as receiving 'bids for the item...' at a computer site, it fails to recite that the critical limitations (b), (c), (f) and (h) are performed by a server at the computer site." However, the contention does not comport with 35 U.S.C. § 101, and the rejection should be withdrawn.

In particular, the Federal Circuit has found that "Whether stated implicitly or explicitly, we consider the scope of § 101 to be the same regardless of the form - machine or process - in which a particular claim is drafted." (See, *AT&T Corp. v. EXCEL Communications, Inc.*, 172 F.3d 1352, 1357 (Fed. Cir. 1999), hereinafter *EXCEL*). The court found further that "[P]hysical limitations analysis seems of little value because 'after Diehr and Alappat, the mere fact that a claimed invention involves inputting numbers, calculating

numbers, outputting numbers, and storing numbers, in and of itself, would not render it nonstatutory subject matter, unless, of course, its operation does not produce a 'useful, concrete and tangible result.'" In contrast, our inquiry here focuses on whether the mathematical algorithm is applied in a practical manner to produce a useful result." (*EXCEL* at 1359-1360). (See also, MPEP § 2106, II., A.). In the present case, no evidence has been presented to indicate that the invention is not applied in a practical manner to produce a useful result. To the contrary, presently pending claim 1 provides a method for conducting a progressive, price-driven, combinatorial auction of items over a communications network (i.e., a useful process).

Furthermore, in *EXCEL*, the court found that, for example, independent claim 1 (reproduced below) presented by the Appellant was within scope of patentable subject matter. (*EXCEL* at 1352 and 1354).

1.A method for use in a telecommunications system in which interexchange calls initiated by each subscriber are automatically routed over the facilities of a particular one of a plurality of interexchange carriers associated with that subscriber, said method comprising the steps of:

generating a message record for an interexchange call between an originating subscriber and a terminating subscriber, and

including, in said message record, a primary interexchange carrier (PIC) indicator having a value which is a function of whether or not the interexchange carrier associated with said terminating subscriber is a predetermined one of said interexchange carriers.

Nowhere does the court in *EXCEL* mandate that a computer or server performs critical limitations as is suggested by the Examiner in the present case. To the contrary, the court's inquiry focused on whether the mathematical algorithm is applied in a practical manner to produce a useful result. Presently pending claim 1 provides a mathematical algorithm that is applied in a practical manner to produce a useful result. As such, a *prima facie* case for rejection under 35 U.S.C. § 101 has not been established, and the rejection should be withdrawn.

Regarding the rejection of claims 1-18 under 35 U.S.C. § 112, second paragraph, claims 1 and 10 have been amended to provide for indication that “bidders” are consistently referenced throughout the claims, and that the upwardly-revised bid from the bidders are received at the computer site.

Further, the contention is made that the claims are indefinite because the claims do not clearly recite that the calculation of steps (b), (c), (f) and (g) are not (sic) being performed by the computer site if the bids are received thereat, and it is unclear why the bids are received at the computer site if it does process the bids and subsequently communicates the auction results to the bidders. However, while Applicants do not necessarily agree with the Examiner’s interpretation of independent claim 1, no evidence is provided to indicate what makes not reciting that the calculation of steps (b), (c), (f) and (g) are being performed by the computer site if the bids are received thereat is unclear and indefinite (i.e., no evidence is provided to indicate that the location of the calculation is required to render the claims clear and definite).

It is yet further contended that the claims fail to recite any functionality of the computer site itself. However, independent claim 1 provides for receiving at a computer site bids for the items being auctioned. As such, the pending independent claims recite at least one functionality of the computer site (i.e., the computer site receives bids). As such, a *prima facie* case for rejection of independent claim 1 and dependent claims 2-9 under 35 U.S.C. § 112, second paragraph has not been established.

Regarding the rejection of independent claim 10 and dependent claims 11-18 under 35 U.S.C. § 112, amended claim 10 provides a computer system for conducting a progressive, price-driven, combinatorial auction of items over a communications network. The computer system includes a server being programmed with application software to perform steps (a) - (i). As such, the contention that the computer system of claim 10 contains similarities to the method steps (i.e., claims 1-9) mis-characterizes claims 10-18. As such, a


prima facie case for the rejection of independent claim 10 and dependent claims 11-18 under 35 U.S.C. § 112, second paragraph has not been established.

Regarding claims which depend from independent claims 1 and 10, Applicants contend that these claims are patentable for at least the same reasons that claims 1 and 10 are patentable. Moreover, Applicants contend these claims recite further limitations, in addition to the limitations of claims 1 and 10, which render these claims additionally patentable.

Consequently, in view of the above and in the absence of better art, Applicants' attorney respectfully submits the application is in condition for allowance which allowance is respectfully requested. No fee is believed to be due for the filing of this paper. Please charge any additional fees or credit any overpayments as a result of the filing of this paper to our Deposit Account No. 02-3978.

The Examiner is requested to telephone the undersigned to discuss prompt resolution of any remaining issues necessary to place this case in condition for allowance.

Respectfully submitted,
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